**Topic 1.4Competition: Starter Activity**



**Task 1 (AO2):**

Suggest EIGHT variables that Nando’s should find out about their competitors to make sure that they operate successfully.



**Task 2 (AO2):**

For this task you will need to look at the variables and mention the strategies that Nando’s competitor Subway uses for each. If you are not sure what the variables mean then read the definition beneath.

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| **Variable** | **What does Subway offer?** |
| **Product Range**(A group of similar products made by a business) |  |
| **Quality**(The minimum standard expected by the customer) |  |
| **Design**(The appearance, cost and function of the product) |  |
| **Selling Experience**(The experience offered to the customers as soon as they enter the store) |  |
| **After-Sales Service**(The experience offered to the customers after purchase, such as refunds and checking if customers are happy with the service) |  |
| **Price**(The amount charged to the customers for a product) |  |
| **Brand Image**(The idea/ impression/ image that customers have in their minds about the brand) |  |
| **Suppliers**(A business which sells products to another business) |  |

**Task 3 (AO1-AO3):**

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| **Case Study:** |
| Ellie Morgan the manager of a gym in London. The gym in part of national chain but things is not going well. The number of clients taking out annual subscriptions has fallen. There are also too few clients coming in and paying a one-off entrance fee for a single session. The equipment and the decor are looking tired and rather shabby. Overall, her branch is losing money. Ellie thinks the gym is likely to be closed within the next 12 months by its owners. This is an opportunity for Ellie to take a different path by opening her own business. She has a good understanding of the local competition. The market is very crowded. There are national chains of gyms like Esporta that offer good facilities and have a good brand image. They can be a little experience for customers. However, they seem to have a steady flow of customers. Then there are small gyms that are owned by a single person. These are often cheaper for customers although their facilities are usually not as good as the national chains.Finally, there are gyms that are part of a larger business. There are a couple of hotels in her local area that have a gym for their guests. Local people though, though, can also use the gym if they pay. There is also a health spa that offers gym facilities. With both hotels and the health spa, the gym area is fairly small. However, the equipment is well maintained and some customers like the more customers like the more intimate atmosphere of the facilities. With such strong competition, Ellie is not sure she would be able to set up a successful gym on her own. It would need far too much money to set it up. Reading around, though, she found a small business in the Midlands that had had special gym equipment manufactured for primary school children. The machines are much smaller than those for adults. The equipment, together with a trainer, is then hired by primary schools or community centres. Ellie could see a gap in the market in London for this service. |

1. Explain Two reasons why it is important for Ellie Morgan to monitor her competition (**4**)
2. Identify FOUR different ways in which gyms compete with each other for customers. (**4**)
3. Analyse why it might be too expensive for Ellie to set up a successful gym aimed at adults. (**6**)
4. Do you think Ellie could make a success of a gym for children? Justify your answer. (**6**)